



South Coast Air Quality Management District

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LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, NOVEMBER 13, 2009 MEETING MINUTES

MEMBERS PRESENT:

Dennis Yates, AQMD Governing Board Member, LGSBA Chairman
Greg Adams, L.A. County Sanitation District
Felipe Aguirre, Vice Mayor, City of Maywood
Paul Avila, P.B.A. & Associates
Geoffrey Blake, Metal Finishers of Southern California/All Metals
Eric Busch, Representative, South Bay Cities Council of Governments
Todd Campbell, Clean Energy
Daniel Cunningham, Metal Finishing Association
Jacob Haik, Office of School Board Member Richard Vladovic
Maria Elena Kennedy, Kennedy Communications
Art Montez, AMA International
Steve Mugg, South Orange County Representative, City of Mission Viejo

MEMBERS ABSENT:

Ronald Loveridge, AQMD Governing Board Member, LGSBA Vice Chairman
James R. Krausz, Esq., ALA Inland Counties
Angelo Logan, East Yard Communities for Environmental Justice
Kelly Moulton, Paralegal
Todd Priest, Representative, Orange County Business Council

OTHERS PRESENT:

Earl Elrod, Board Member Assistant (*Yates*)
Nicole Nishimura, Board Member Assistant (*Lyou*)
Vlad Kogan, Orange County Sanitation District
Rita Loof, Radtech

AQMD STAFF:

Mohan Balagopalan, Sr. AQ Engineer
Alan Caldwell, Community Relations Manager
Marc Carrel, Program Supervisor
Philip Crabbe, Community Relations Manager
Deanna Doerr, Office Assistant
Lori Langrell, Secretary
Matt Miyasato, Assistant Deputy Executive Officer
Mohsen Nazemi, Deputy Executive Officer
John Olvera, Principal Deputy District Counsel
Ricardo A Rivera, Senior Staff Specialist

Agenda Item #1 - Call to Order/Opening Remarks

Chair Dennis Yates called the meeting to order at 10:13 a.m.

Agenda Item #2 – Approval of October 9, 2009 Meeting Minutes/Review of Follow-Up/Action Items

Chair Yates called for approval of the meeting minutes.

Ms. Kelly Moulton submitted proposed changes via email. Mr. Marc Carrel read the suggested changes to the group, and the minutes were approved.

Action Item: None

Agenda Item #3 – Status of Permit Moratorium and New Legislation

Mr. Mohan Balagopalan provided a status update on the permit moratorium and new legislation recently enacted (SB 827).

Mr. Greg Adams asked whether staff has thought about prioritizing the issuance of permits to small businesses first as they are more negatively impacted by the permit moratorium, given the threat of a lawsuit/injunction being filed right away in January 2010. Mr. Balagopalan replied that the permits are being handled in a first in/first out manner. Presently there are approximately 600 applications completed. Chair Yates commented that the first in/first out procedure is the best approach due to a possible impending lawsuit. Mr. Adams asked when Rule 1315 will be considered by the Board. Mr. Balagopalan replied that Rule 1315 should be considered by the Board in the second quarter of 2010. Mr. Adams then asked if emission credit funding is at sufficient levels for 1200 permits plus the Sentinel Power Plant until Rule 1315 is approved. Mr. Balagopalan affirmed this.

Mr. Art Montez asked how cost is determined in the slide that shows costs of emission reduction credits, with reference to the cost of a tortilla fryer at \$1.6 million. Mr. Balagopalan replied that the cost shown would be more typical for a business with two to three fryers, emitting PM10 and VOC's, and is based on average emissions, for example five pounds per day. He added that this would not be a small operation.

Agenda Item #4 – Update on California Hydrogen Highway Network Program

Dr. Matt Miyasato provided an update on the California Hydrogen Highway Network program.

Mr. Paul Avila asked about the safety record for the program. Dr. Miyasato replied that there have been incidents of burns caused during the delivery of hydrogen, and in one instance during the truck to tank transfer there was a faulty valve which resulted in a small fire. He added that there does not appear to be any major safety issues with the car makers, but they are always working with emergency responders on how to respond to accidents, i.e. where to utilize the jaws-of-life if necessary, etc. Chair Yates added that when hydrogen leaks, it dissipates quicker than gasoline as it is lighter than air. Mr. Avila then asked what is the objective of the hydrogen vehicle program. Dr. Miyasato stated there are two goals to accomplish, one is to verify that the technology works, and the other is to get customers accustomed to it.

Mr. Montez asked how the cost of hydrogen fuel is determined, and why the pricing structure has not been completed. Dr. Miyasato replied that the Department of Weights and Measures is currently determining how to measure and charge by the kilogram, while also taking into account the measurement fluctuation based on temperature, etc. Mr. Montez then inquired why we

cannot charge by volume as industrial gas is sold by volume. Dr. Miyasato replied that some of the facilities charge by contract on a per month basis, or per-use basis.

Mr. Steve Mugg asked what advancements have been made in the processing cycle of hydrogen. Dr. Miyasato replied that large gas users can produce hydrogen at a low cost. Mr. Mugg then asked if it is with respect to energy or dollars. Dr. Miyasato stated that there is lower cost on an energy basis depending on the process. He added that it can be processed favorably, efficiently and economically, involving steam reformation or a low temperature thermal process.

Mr. Todd Campbell commented that when looking at the outlay of the action plan, it appears that all first tier stations are along the coast, not in the inland areas and asked how these locations were picked. He also asked why the station at LAX is not listed on the slide. Dr. Miyasato stated that he is familiar with the LAX station and should be listed. Mr. Campbell asked if the gallon equivalent cost is up to \$20 per gallon. Dr. Miyasato replied that he has seen it down to the equivalent of \$10 per gallon. Mr. Campbell asked about the Burbank station, and why it is only open to the city. Dr. Miyasato replied that BP, as part of the DOE program, took out the electrolyzer that AQMD put in. He added that they are closing down the station, but are also trying to find another operator, working with ARB and CEC.

Mr. Avila asked if anyone is doing a study on hydrogen versus natural gas fuel. Mr. Campbell replied that he has not seen anything yet. He added that his company is partnering in this project because hydrogen can be blended with natural gas. Mr. Campbell added that he is hopeful that ARB considers a blend, as hydrogen fuel prices can go as low as \$5/gallon.

Agenda Item #5 – Update on Environmental Justice Advisory Group

Mr. Alan Caldwell provided an update on AQMD's Environmental Justice Advisory Group.

Mr. Montez asked if an audit has ever been done on what programs and monies are going into the EJ communities, and what has been accomplished. Chair Yates commented that millions of dollars have been put into EJ areas, including a very large project in El Segundo where schools were retrofitted with an air filtration system. Chair Yates indicated that staff will get a list of programs and monies that have been put into EJ areas.

Action Item: Staff will provide a list of programs that have been implemented in EJ areas, and funding allocated to those programs.

Agenda Item #6 – Monthly Report on Small Business Assistance Activities

No comments.

Agenda Item #7 – Update on Climate Change Activities (Written Report)

Ms. Whynot provided a written report update on climate change activities.

Agenda Item #8 - Other Business

Mr. Adams stated that he is getting inquiries regarding proposed Rule 2301 and asked to check the status on that.

Action Item: Staff to research Proposed Rule 2301 and provide current status.

Mr. Montez asked what types of jobs are coming out of the fuel cell development work. Chair Yates replied that for example, RFP's are issued for the project. The contractor that is awarded the job may hire personnel for the project.

Mr. Jacob Haik asked if the local contractors with their work force in the area are looked upon favorably, especially in light of the economic downturn. Chair Yates indicated that during the RFP process local businesses within the community do get additional points for being a local business. Mr. John Olvera affirmed the current procedure for awarding extra points for local businesses. Companies that use alternative fuel vehicles are also awarded extra points.

Mr. Geoff Blake inquired about Rule 1147, which takes effect in January 2010, that requires the addition of a flow-meter and time reduction meter. He added that no one manufactures a combination time reduction meter with a flow-meter and requested additional information on that.

Action Item: Staff to research Rule 1147, and address the issue raised.

Agenda Item #9 - Public Comment

None.

Agenda Item #10 - Adjournment

The meeting adjourned at 11:23 a.m.